

INSTRUCTIONS
for preparation of the
ANNUAL FISCAL PROGRAM
Fiscal Year 2005



Institutions of Higher Education
DEPARTMENT OF FINANCE & ADMINISTRATION
OFFICE OF BUDGET

I N D E X
ANNUAL FISCAL PROGRAM
FOR FISCAL YEAR 2005

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ALL FORMS ARE AVAILABLE ON THE DFA - OFFICE OF BUDGET WEB SITE
www.accessarkansas.org/dfa/budget

GENERAL INSTRUCTIONS PREPARATION OF THE ANNUAL FISCAL PROGRAM FOR FISCAL YEAR 2005

All Institutions of Higher Education must submit an annual fiscal program by **May 7, 2004**, supported by the required Annual Funds Center Worksheet and President/Chancellor approval letter to the Department of Finance and Administration, Office of Budget. The approved program will be entered into the Arkansas Administrative Statewide Information System (AASIS).

For those institutions funded through the Educational Excellence Trust Fund, distribution of funds may change after the initial budgets are established effective July 1, 2004, pursuant to A.C.A. §6-5-301. Institutions should spend funds cautiously until final funding levels are determined.

For those institutions receiving funds from the Work Force 2000 Development Fund, distributions from this source will not be included on the initial budgets established for Fiscal Year 2005. Annual Work Force 2000 Development Fund transfers of both appropriation and funding will be processed after July 1, 2004; when final funding levels as based on certified Fiscal Year 2004 collections are determined as provided under A.C.A. §26-51-205.

Act 55 of the 1st Extraordinary Session of 2003 amended the Arkansas Revenue Stabilization Law and established the Miscellaneous Agencies Fund. The act outlines a formula for the Chief Fiscal Officer of the State to use in determining funding allocations for agencies operating from the fund. The budget analyst will provide the funding level available during the Annual Fiscal Program process.

Act 1290 of 2003 authorizes the establishment of the Two Year College Model Formula Fund. Act 1290 further provides the Arkansas Department of Higher Education (ADHE) authority to transfer funding and appropriation authorized by the Act to the general revenue fund from which each of the various two year colleges draws its general revenue support for the purposes of equity and fully funding existing students. These distributions are first based upon allocations set forth for each institution by the Act. Based upon available funding, distributions will then be made upon and in accordance with formula computations adopted and recommended by the Arkansas Higher Education Coordinating Board (AHECB). Act 25 of the 1st Extraordinary Session further outlines funding provision for the various two year colleges.

These instructions and forms are available on the DFA - Office of Budget web site at:

www.accessarkansas.org/dfa/budget

The following laws require special attention when preparing the Fiscal Year 2005 annual fiscal program

- A.C.A. §25-16-903 through A.C.A. §25-16-905 provides authorization and restrictions regarding stipends and expense reimbursements for members of Boards and Commissions.
- A.C.A. §21-12-502 requires notification by Institutions to the Legislative Council and to the DFA - Office of Personnel Management of plans to implement layoffs of state employees due to privatization of programs.
- A.C.A. §21-4-501 allows for the payment of accrued sick leave for retiring employees. While it is difficult to budget for this unknown event, Institutions are cautioned about the fiscal impact of this legislation.
- A.C.A. §19-4-2201 requires Legislative Council or Joint Budget Committee review of certain discretionary grants awarded by state Institutions.
- A.C.A. §24-2-701 (C)(3) allows the Board of Trustees of the Arkansas Retirement System to establish employer contributions each year. The state employees retirement rate has been set at 11.09% for fiscal year 2005.

DEFINITIONS

- **ANNUAL FISCAL PROGRAM:** A plan prepared by an institution containing the proposed expenditures and anticipated resources for the ensuing fiscal year as required by A.C.A. §19-4-604.
- **FUNDS CENTER:** An appropriation granted by the General Assembly to make expenditures and incur obligations, **IF FUNDS ARE AVAILABLE**, for specific purposes.
- **BLOCKED:** The portion of an appropriation, which cannot be budgeted by an institution due to insufficient revenue or other budgetary restraints. Also referred to as deferment.
- **CARRY FORWARD APPROPRIATION:** As permitted by law, specific appropriated amounts authorized to carry forward from one fiscal year to another to make expenditures and incur obligations, **IF FUNDS ARE AVAILABLE**, for specific purposes.

ANNUAL FISCAL PROGRAM

All institutions will utilize the Performance Budgeting and Accountability System (PBAS) to prepare their Annual Fiscal Program. PBAS is an automated system designed to enable institutions to develop a budget according to the General Accounting and Budgetary Procedures Law. Each institution will be provided with Microsoft® Excel worksheets for all authorized Funds Centers. Institutions will complete the Funds Center Worksheets and return them to the Office of Budget for processing. Please review carefully the data entered in order to ensure that allocated budget levels do not exceed available funding levels.

The Office of Budget requires a letter signed by the President/Chancellor of the Institution of Higher Education indicating knowledge and approval of the final annual fiscal program.

Institutions may contact the budget analyst to obtain paper copies of reports. A final copy routed to the Office of Budget, with other required documents, signifies completion of the annual fiscal program. The Office of Budget will review and approve final forms and forward the necessary documentation to the Office of Accounting.

The final annual fiscal program will be copied (retracted) to the Arkansas Administrative Statewide Information System (AASIS) for Fiscal Year 2005 where it will be integrated into the AASIS data for each institution.

PREPARATION OF QUARTERLY ALLOTMENTS

The Office of Budget will advise each Institution of its General Revenue funding level, including a preliminary forecast of funds to be received from the Educational Excellence Trust Fund (EETF). A revised EETF forecast will be provided early in the fiscal year. Any budget adjustments may be made at this time. Work Force 2000 Development monies will not be budgeted initially. Once collections for FY04 fiscal year have been certified, a FY05 Work Force 2000 forecast will be made available and transfers of funds and appropriations will take place accordingly. The Institution determines the amount of any Special or Other Revenues to be received for the 2004-2005 Fiscal Year and prepares quarterly allotments that correspond to availability of funding. Quarterly Allotments must be based on the financial requirements for the Institution's spending for the fiscal year and may not exceed available funding or authorized appropriation.

ALL CASH APPROPRIATIONS AND ALL CASH CONTINGENCY LINE ITEMS MUST BE BUDGETED IN THE FIRST QUARTER OF THE FISCAL YEAR.

REQUIRED DOCUMENTS

The following original forms must be submitted with the annual fiscal program:

- President/Chancellor approval letter. A letter signed by the President or Chancellor indicating knowledge and approval of the final annual fiscal program
- Annual Funds Center Worksheets

PLEASE NOTE: When preparing the Fiscal Year 2005 annual fiscal program, attention should be paid to the Governor's Executive Order 98-04 (and Act 34 of 1999) requiring state agencies and institutions to publicly disclose when they do business with statewide constitutional officers, legislators, state employees or their immediate family members. The Department of Finance & Administration, Office of Internal Audit (682-0370) may be contacted for further information on the implementation of this Executive Order.

ANNUAL FISCAL PROGRAM CHECKLIST FISCAL YEAR 2005

IMPORTANT DATES:

April 12, 2004	Annual instruction packets distributed to Institutions
May 7, 2004	Final annual fiscal program due to Office of Budget
July 1, 2004	Start of Fiscal Year 2005

INSTRUCTIONS FOR COMPLETING THE ANNUAL FUNDS CENTER WORKSHEET

Each institution will be provided with Microsoft® Excel worksheets for all authorized Funds Centers. The Funds Center Worksheets are based on the authorized appropriation amounts for an Institution. The Institutions are required to complete the worksheets for each of the funds center and return the final worksheets to the Office of Budget with the annual fiscal program. (Institutions do not have online access to PBAS and must coordinate their budget development through the Office of Budget.)

QUARTERLY ALLOTMENT: The budget by commitment item needed to meet quarterly requirements. The purchase of capital items should be budgeted for the quarter following the greatest revenue collection. Capital purchases supported by General Revenue should be budgeted in the fourth quarter.

Institutions will enter the desired budget amount for each commitment item by quarter. The entered budget amounts must be within available funding limitations and the total budget for any line item must be equal to or less than the authorized amount.

In accordance with the special language provisions of the biennial appropriations act, all or any portion of the Contingency Commitment Item authorized for applicable General Revenue funded appropriations may be budgeted. Due to the fact that the Contingency Commitment Item (513:00:18) is non-spending, the amount budgeted will need to be transferred to other spending commitment items after the first of the fiscal year.

The sum of the quarterly allotments by line item, plus the deferred amount will equal the total commitment item authorized amount as found in the appropriation Act.

Cash appropriations must be budgeted in the first quarter. Any Cash Contingency line items must also be budgeted in the first quarter.

BLOCKED: The blocked amount will automatically be calculated by line item (commitment item). This is the amount of appropriation not budgeted for Fiscal Year 2005.

The Office of Budget requires a letter signed by the President/Chancellor of the Institution of Higher Education indicating knowledge and approval of the final annual fiscal program

**ARKANSAS PERFORMANCE BUDGETING & ACCOUNTABILITY SYSTEM
FUNDS CENTER WORKSHEET**

Business Area 0100 HENDERSON STATE UNIVERSITY
Functional Area UNIV
Fiscal Year 2005

Example

Cost Center	Funds center	Commitment item	Fund	Authorized Appro	1st Quarter	2nd Quarter	3rd Quarter	4th Quarter	Total	Deferment
145271 309	Operations-Gen Rev	5010000	Regular Salaries	CQA0000	17,000,000				0	17,000,000
145271 309	Operations-Gen Rev	5010001	Extra Help	CQA0000	307,300				0	307,300
145271 309	Operations-Gen Rev	5010003	Personal Services Matching	CQA0000	2,995,360				0	2,995,360
145271 309	Operations-Gen Rev	5020002	Operating Expenses (M&O)	CQA0000	3,138,389				0	3,138,389
145271 309	Operations-Gen Rev	5120011	Capital Outlay (M&O)	CQA0000	620,745				0	620,745
145271 309	Operations-Gen Rev	5130027	Funded Depreciation-Tech Inst/Colleges	CQA0000	118,238				0	118,238
145271 309	Operations-Gen Rev	5900046	AFGM Miscellaneous Character 46	CQA0000	150,000				0	150,000
	Totals				24,330,032	0	0	0	0	24,330,032
145261 A74	Operations-Cash	5010000	Regular Salaries	2090000	16,000,000				0	16,000,000
145261 A74	Operations-Cash	5010001	Extra Help	2090000	850,000				0	850,000
145261 A74	Operations-Cash	5010003	Personal Services Matching	2090000	3,850,000				0	3,850,000
145261 A74	Operations-Cash	5010006	Overtime	2090000	125,000				0	125,000
145261 A74	Operations-Cash	5020002	Operating Expenses (M&O)	2090000	7,300,000				0	7,300,000
145261 A74	Operations-Cash	5050009	Travel-Confr Fees and Related Expenses	2090000	425,000				0	425,000
145261 A74	Operations-Cash	5060010	Professional Fees and Services (M&O)	2090000	725,000				0	725,000
145261 A74	Operations-Cash	5090005	AFGM Construction-Char 05	2090000	3,650,000				0	3,650,000
145261 A74	Operations-Cash	5090012	Data Processing (M&O)	2090000	350,000				0	350,000
145261 A74	Operations-Cash	5110020	Refunds-Investments-Fund Transfers	2090000	8,750,000				0	8,750,000
145261 A74	Operations-Cash	5120011	Capital Outlay (M&O)	2090000	2,100,000				0	2,100,000
145261 A74	Operations-Cash	5120019	Debt Service	2090000	2,500,000				0	2,500,000
145261 A74	Operations-Cash	5130018	Contingency-Tech Inst/College & Univ	2090000	10,500,000				0	10,500,000
	Totals				57,125,000	0	0	0	0	57,125,000